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ABSTRACT

This paper reviews the New York State Small City School District (SCSD) school budget voting policy debate. State policymakers are debating whether to change from representative to referendum school budget voting in the 57 SCSDs. After examining the arguments, recent research, and possible costs and benefits of referendum budget voting, three possible scenarios are discussed. Based on economic and historical considerations, the recommendations are made that SCSD residents be allowed to vote on school budgets, as long as contingency budget reform for all fiscally independent school districts occurs at the same time. Four suggestions are offered to streamline the referendum process, which will reduce costs: (1) include only nonmandated expenses on the ballot; (2) standardize referenda across districts; (3) prohibit multiple revotes; and (4) explicitly define "mandated program" (a responsibility of the Department of Education). (LMI)

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THE EXTENSION OF REFERENDUM BUDGET VOTING TO NEW YORK STATE SMALL CITY SCHOOL DISTRICT RESIDENTS: ARGUMENTS, RESEARCH, AND POLICY RECOMMENDATIONS

Andrew S. LaManque

ABSTRACT

This paper reviews the New York State Small City School District (SCSD) school budget voting policy debate. Presently, state policy-makers are debating whether to change from representative to referendum school budget voting in the 57 SCSDs. After examining the arguments, recent research, and possible costs and benefits of referendum budget voting, three possible policy scenarios are discussed. Based on both economic and historical considerations, the paper recommends that state policy-makers extend a reformed contingency budget referendum to SCSD residents.

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THE EXTENSION OF REFERENDUM BUDGET VOTING TO NEW YORK STATE SMALL CITY SCHOOL DISTRICT RESIDENTS: ARGUMENTS, RESEARCH, AND POLICY RECOMMENDATIONS

This paper discusses the New York State Small City School District (SCSD) school budget voting policy debate. Present SCSD (city school districts with populations less than 125,000) budget voting policy gives school board representatives sole authority to adopt the annual school budget. With the repeal of constitutional tax limits for SCSDs in 1985, several bills have been introduced in the New York State Legislature that would allow residents in the 57 SCSDs to vote on their school budgets. This paper provides state policy-makers a research based framework for their decision analysis and offers recommendations on the SCSD budget voting policy.

Referendum proponents argue that SCSD residents deserve the same direct input on fiscal decisions as residents have in the 645 central, common, and union free (non-city) school districts. Opponents argue that because of their unique populations, SCSDs will have a difficult time getting their budgets passed. The decision for state lawmakers is whether to allow SCSDs to continue with the present representative budget voting system, adopt the referendum/contingency budget system used by non-city school districts (which allows school boards to impose an austerity budget when voters reject the budget proposal), or modify the referendum/contingency budget process for both non-city and SCSDs.

THE EXTENSION OF REFERENDUM BUDGET VOTING

The paper begins by examining the background of New York State SCSDs. It next reviews the legislative history of SCSD budget voting proposals, many of which incorporate and/or revise the contingency budget provisions currently used by non-city districts. State contingency budget policy is explored, and selective policy literature on school budget voting for SCSDs is outlined in the context of arguments presented on both sides of the issue. Two recent studies, along with an overview of the state lawmakers' decision analysis, including possible costs and benefits of a change and policy scenarios, are then presented. The last section offers recommendations and suggestions for reducing the decision costs of the New York State contingency budget referendum process.

BACKGROUND OF THE SMALL CITY SCHOOL DISTRICT

The SCSD classification and provisions outlining representative budget voting procedures were codified with the passage of Article 51 of New York State Education Law in 1950 (Chapter 762). A constitutional amendment passed the previous year set a separate tax limit for SCSDs and paved the way for the separation of city school district and city government financing delineated in the Article 51 legislation. The tax limit was considered to be an adequate automatic control or cap on SCSD expenditures and was one way in which school

boards were prevented from imposing an extraordinary tax burden on district residents (Curley, 1986). Non-city school districts had no such limit and were held accountable by the annual district-wide budget vote.

In the late 1960s and early 1970s, many SCSDs began to approach their constitutional tax limits. To assure revenues were available for state-mandated educational programs, the state legislature applied several remedies. One law, for example, allowed school districts to exclude social security and retirement contributions from their tax limit calculations. This law was struck down with a 1974 court ruling (the "Hurd" decision), and similar legislation was struck down in a 1978 court opinion (New York State Senate Research Service, 1988a, p5).

In 1978, the state offered interest-free loans to help SCSDs that were spending at their tax limits, but only eight of 57 districts applied. The following year, the state offered direct grants to selected SCSDs. These grants came to be known as Hurd Aid (New York State Assembly Ways and Means Committee, 1987, p1). The Hurd Aid program grew: 22 districts received nearly 10 million dollars in 1979, while 44 districts received more than 95 million dollars in 1986 (New York State Assembly Ways and Means Committee, 1987, p2).

Originally, Hurd Aid was considered as a temporary solution to SCSD fiscal problems (Hickman, Berne, and Stiefel,

1981). By the mid-1980s it became apparent that the only permanent solution was to repeal the constitutional tax limit for SCSDs. Through a statewide referendum, the tax limit for SCSDs was repealed in 1985 (New York State Assembly Ways and Means Committee, 1987, p1). With the repeal of the tax limit accomplished, the debate over SCSD school budget voting began.

SCSD BUDGET REFERENDUM LEGISLATION

Since 1985, several bills allowing SCSD budget referenda have been introduced in the Assembly and passed in the Senate, with the support of Governor Mario M. Cuomo. In one version, the legislation would authorize small city voters to demand a local referendum (New York State Assembly, 1991, p1). The rationale was as follows:

> The removal of the constitutional real property tax limits permitted small city school districts to raise the local revenues that they need to fund their educational systems, unencumbered by the constitutional real property tax limits. However, it also removed the protection that citizens of small city school districts had against arbitrary tax policies by their school boards, without giving them the protection that citizens have in all other independent school districts -- the right to vote on school budgets (New York State Assembly, 1991, p4).

A Senate Bill Memorandum presented a similar argument:

> With the approval by the voters of the constitutional amendment abolishing constitutional property tax limits in small city school districts, there is no longer any need for separate sections of various laws pertaining to small city school districts that arose because of the constitutional limits.

> Voters in small city school districts should have the same right to vote on school district budgets and bond and capital note resolutions that voters have in union free, central, and common school districts (New York State Senate, 1989, p5).

Opponents of the legislation, such as the New York State School Boards Association, have tied potential support of the legislation to contingency budget reform for all fiscally independent school districts (both non-city and SCSDs are have their own independent taxing authority, in New York State the five largest city districts receive appropriations from city governments and are considered dependent districts). In the 1992 Legislative Session, for the first time, an Assembly SCSD referendum bill was passed. This bill would have allowed SCSDs to revert to the prior year's expenditures if a school budget was defeated. The issue is one of allowing some local autonomy, while recognizing that constitutional responsibility for education lies with the state.

CONTINGENCY BUDGETS FOR NON-CITY DISTRICTS

Along with the school budget vote for non-city districts, the state has a contingency budget process to assure the state's educational mandate is fulfilled. Voters in non-city school districts do not have full and total responsibility for the school budget; much authority still rests with the school board. The state constitution states that:

> The legislature shall provide for the maintenance and support of a system of free common schools, wherein all of the children of this state may be educated {Article XI - Education, Section 1 - Common Schools, New York State Constitution} (New York State Consolidated Law Service, 1990).

The constitution came to reflect a longstanding tradition embodied in the laws beginning in 1841 (New York State Legislative Commission on Expenditure Review {LCER}, 1978, p6). The tradition included:

> ... a philosophy of 'free schools for all' along with 'compulsory education' {which} produced a spirit that the schools must be kept open and functioning even at the expense of a defeated budget by the electorate (LCER, p6).
>
> The law states that in the event the voters reject a proposed budget, the school board is empowered to levy a tax sufficient to defray the cost of those items specifically authorized by statute ... (LCER, p7).

Thus, although voters have been allowed to vote on their school budgets in non-city districts, final responsibility for education still rests with the state. The state responsibility has been delegated to school boards, who are the corporate entity with ultimate local authority to carry out the constitutional mandate. Individual voters are not held accountable for, or given final authority over, the actions undertaken by the school.

The existing statute for contingency budgets mentions only teachers' salaries and ordinary contingent expenses as mandated expenses. Ordinary contingent expenses are items deemed essential to the operation of the school. A 1967 legal

opinion issued by the Department of Education outlines which expenditures might be thought of as essential (LCER, p7). Since most SCSD budget voting legislation would involve contingency budget provisions in some form, the recommendations provided in this paper consider the SCSD budget vote policy in conjunction with the contingency budget practices outlined below.

The following items would be considered essential or non-discretionary, and thus out of reach of the voter: salaries; employee benefits; utilities; insurance; debt service; and textbooks (LCER, p28). This can lead to some anomalies. For example, although a school board operating on a contingency budget may be able to provide salaries for an advanced chemistry course to be offered, it may not be able to purchase the necessary equipment for the course.

Only a small percentage (approximately 10 percent, depending on the district) of a school budget can be considered non-mandated, and thus open to a vote by the taxpayers. Such items as library books, local transportation, athletics, equipment, use of facilities, and instructional supplies, would be subject to voter approval. The budget does give voters an opportunity to voice their opinion on these items, but school boards are allowed to continue programs authorized by statute or deemed to be integral parts of their educational program. The school board has the responsibility

of defining its minimum educational program - there are no state standards. The educational programs supported by contingent budgets will thus vary considerably among districts, dependent on the types of programs already in place.

If an expenditure is not considered a mandated expense, the school board must be able to defend its decision to include it in a non-voter approved contingency budget:

> If the school board's determination of what constitutes an ordinary contingent expense is challenged by any voter, resolution may be had by referral of the question to the Commissioner of Education or to the courts (LCER, p7).

Given the importance of mandated expenses in the makeup of school expenditures, it is not surprising that the Legislative Commission on Expenditure Review in their audit of school budget voting found school districts on contingency budgets typically spent 97 percent of the budget originally proposed to the voters. Budgets defeated and later adopted by voters represented 99 percent of the budget originally proposed (LCER, p25). These results lead the Commission to conclude:

> Voter disapproval {of school budgets} therefore amounts to denial of marginal services which represent only a small percentage of the total budget (LCER, p54).
>
> The impact on the school tax rate stemming from school district budget voting tends to be negligible (LCER, p58).

THE EXTENSION OF REFERENDUM BUDGET VOTING

The contingency budget process as practiced by non-city school districts in New York State involves direct costs for election administration. The Legislative Commission on Expenditure Review found that school districts spent an estimated total of 698,000-832,000 dollars for budget votes, averaging 37 cents per pupil for the first ballot in 1977 (LCER, p25).

Part of the costs associated with the referendum process stem from the discretion given to local school boards in referenda presentation. School officials have the authority to present the entire budget to the voters in a lump sum number (including both mandated and non-mandated expenses), or break the proposal into various smaller categories (e.g., sports, local transportation, new library books). The school board is also allowed to conduct multiple re-votes, either on the entire budget or contingency budget (non-mandated) items. For example, going to the voters as many as three times with the same local transportation proposal is both legal and not uncommon.

The contingency budget process in non-city school districts "has long been controversial" (New York State Senate Research Service, 1988b, p8). As mentioned, SCSD advocates have pointed to the weaknesses in the contingency budget arrangement when arguing against the extension of a budget vote to SCSDs.

ARGUMENTS PRESENTED AGAINST SCSD REFERENDUM VOTING

Venter (1986) argued that a high proportion of SCSDs each year would likely be forced by the voters to implement the contingency budget process if budget referendum were extended to SCSD residents. His work reviewed previous recommendations given for solving the so-called Hurd Aid problem discussed earlier in the paper. In addition to the proposed 1985 constitutional amendment that would repeal tax limits for SCSDs, the paper addressed the proposal for a budget vote. Six Hurd study groups from 1978-1985 had recommended a "Public Vote on the Annual School District Budget" (p56).

Venter argued that a budget vote would be politically acceptable because it would treat all independent school districts equally (p127). However, Venter suggested that problems may arise in terms of its "practicality," because there is high possibility of budget defeats. In support of this premise, Venter cited a 1983 New York State Legislative Commission on State and Local Relations report arguing:

> ... the tendency of voters to reject non-city school district budgets. If city voters would exhibit the same behavior, an element of instability would be introduced into the budget process (p128).

Venter thought SCSDs should continue to be considered unique under New York State Education Law:

> There is no question that the law treats taxpayers in city and non-city school districts differently. ... But education, according to Article 10 of the State Constitution, is the responsibility of the State.

> If, theoretically, city school district budgets were subjected to continual defeats year after year, would this situation be a responsible one for the State to maintain? (p170).

Like other SCSD proponents, Venter assumed that SCSDs would have a difficult time passing school budgets because they have high concentrations of elderly individuals with no children in the schools, low-income individuals, and private school enrollments.

These assumptions and other problems were also expressed by SCSD proponents at the 1987 Assembly Education Committee hearings on the proposal for a SCSD budget vote (New York State Assembly Standing Committee on Education, 1987). SCSD administrators testified that budget votes would have a negative impact on their districts. Problems present in the contingency budget regulations, such as what can be counted as a mandated expense and the allowance of unlimited votes on the same budget, also were discussed. Most SCSD representatives claimed that the budget vote did not amount to much control, because the residents truly control only a small percentage of the budget. They also claimed that their older and poorer populations would be more inclined to vote down school budgets than would voters in non-city districts. As one author commented:

> The common theme of much of the testimony was the inevitability of continuous budget defeats by small city residents, a prediction based on the cities' high proportion of senior citizens, other voters without

> school age children, parents with students in non-public schools, and public school students who require 'special needs' services (New York State Senate Research Service, 1988a, p7).

The Small City School District Association argued for a continuation of the present policy, which differentiates small city and non-city school districts:

> ... there is much to recommend the current budget approval process by school boards in small cities, and there is very little to recommend the current contingency and austerity budget provisions of the Education Law which currently plague most school districts (Kissinger, 1987, p8).

Opponents argue that budgets would be systematically defeated and that the present contingency budget process promotes neither sound educational planning and decision-making, nor taxpayer rights.

ARGUMENTS PRESENTED IN FAVOR OF SCSD REFERENDUM VOTING

State Education Commissioner Thomas Sobol offered testimony at the 1987 Assembly Hearing in support of SCSD budget votes. The Regents' proposal presented by Sobol would have tied the budget vote legislation to a change in the rules for contingency budgets. Among the five reasons given in support of the vote were:

> The authority and opportunity for school district residents to participate in an annual referendum on proposed school district budgets, if no other constitutional limitation applies, has been policy in this State for many years and should be continued.

> The Governor, the Legislature, and the Board of Regents and we in the Education Department are asking that all in education provide greater accountability as to the use of public funds and the effects of expenditure of those funds on the educational achievement of our students. Such accountability requires interaction between local boards of education and the residents, and it is enhanced when the residents are permitted to exercise their right to accept, reject or force modification in district programs through the annual budget vote (Sobol, 1988, p3).

This testimony was reflected in position papers presented for Board of Regents approval the following year.

The New York State Department of Education (1988) examined the SCSD budget vote issue in two reports to the Regents in January of 1988. These reports argued in favor of extending the budget vote to SCSD residents. The first report (Attachment I) argued that to be equitable, SCSD residents should be put on an equal footing with residents in the other independent districts. In addition, the report assumed that budget votes would result in "greater participation by more persons in the operation of school districts" (p6). Greater participation was thought to promote greater political and fiscal accountability.

In addressing arguments against the budget vote, the authors' conceded they did "have merit":

> ... these districts may have higher proportions of pupils with special needs, higher costs or higher proportions of lower income or single parent families (p7).

However, the authors pointed out that the state had built special aid provisions into its state aid formula which assist SCSDs. They went on to conclude that:

> It is unacceptable to assume that persons of lower income, single parents or any other group of residents cannot be trusted to responsibly vote on proposed budgets, or that the opportunity to vote should be denied these persons for any reason (p8).

The report cites the budget passage rate for eight "small city districts" that lie partly within small city boundaries but vote on their budgets (p8). From 1983 to 1987, the passage rate for those eight districts (i.e., adopted school budgets divided by the number of budgets voted on) was 87 percent or higher. The fact that this rate was similar to other districts during the same period was given as evidence that "does not support the fear of constant budget defeats" (p8).

In their second report (Attachment II) to the Regents (New York State Department of Education, 1988), department officials addressed several questions relating to the budget issue. Two questions are particularly relevant:

> 1) Is the budget vote an effective mechanism for voters to influence educational policy decisions at the local level in view of the fact that they already control representation on the board of education through the vote? (p15).

In answer to this question, the authors claimed a budget vote represents "a direct 'voice' by residents who may not feel

adequately represented only by elected board members" (p15). They also suggested that voters had only limited input in a representative system, because "only rarely do most school district voters have the opportunity to vote on a majority of the board members in an election" (p15). The authors did not address the impact residents had on SCSD budgets through the budget hearing process.

> 2) In the absence of a budget vote, would the boards of education of small city schools continue to act responsibly and responsively to increases in the tax rate? (p16).

In answering, the authors discounted the three year record of restraint by SCSDs since the 1985 referendum:

> The real issue is not how responsibly a board may act, but whether small city voters should be given the opportunity to participate in shaping the educational policy of a district (p16).

OVERVIEW OF ARGUMENTS

Those in favor of the change to SCSD voting argue that voters in SCSDs presently are deprived of a right to vote on budgets enjoyed by voters in non-city districts. They contend that the vote should follow from the constitutional tax limit repeal, which previously had made SCSDs "different." It is argued that these voters deserve a more direct check on school district taxing authority than that allowed by representational voting.

A main argument against SCSD budget votes is that SCSDs have unique populations, and therefore should still be considered different from other districts, despite repeal of the tax limit. The argument is that, because of their unique demographic situations, budget referenda would be voted down more frequently in SCSDs. SCSD advocates point out that typically 20 percent of budgets are voted down each year in non-city school districts, and the rate of budget defeats is assumed to be much higher for small city districts (Kissinger, 1987).

The arguments provided by opponents of the budget referenda extension seem to present the extreme case suggesting dire consequences if a change is made. Coming from a group with a particular interest and stake, this might be expected. However, it does not seem reasonable that all SCSD budgets would be systematically rejected by the voters in the long term. School budget referenda are held in cities in other states (e.g., Michigan and Ohio) without continual rejections. The reasonable conclusion is that school boards in SCSDs would adjust their requests to reflect what the majority of voters will tolerate. Even if a higher percentage of SCSD budgets are rejected by the voters each year, it still does not suggest the dire consequences put forth by SCSD advocates.

The arguments of Department of Education officials and other proponents are based on an assumption that majority rule budget referenda would provide an additional degree of political accountability that would translate into additional fiscal accountability. When only a small percentage of the budget is actually being voted on under present provisions, it may be somewhat of a misperception that voters would have any more than a marginal fiscal impact through the budget vote. Presently, SCSD voters are allowed to vote for their representatives and provide input through the budget hearing process.

RECENT RESEARCH

As suggested above, the arguments and research presented by proponents and opponents of SCSD school budget voting are often based on unsubstantiated assumptions. Recent research has examined both historical and fiscal assumptions used in the school budget voting debate. LaManque (1993a) examined the assumption that a referendum would provide an added degree of fiscal constraint for SCSDs. His analysis found no differences in the annual percentage increases in approved operating expenditures for demographically similar non-city and SCSDs. The results suggested that a school budget referendum for SCSDs was not likely to cause long term harm to educational programs (LaManque, 1993a).

THE EXTENSION OF REFERENDUM BUDGET VOTING

After examining the historical foundations of school budget voting in New York State, LaManque (1993b) suggested that there may no longer be a solid rationale for a continuation of separate budget voting provisions for non-city and SCSDs. The original differences appear to stem more from historical circumstance than an explicit decision by state policy-makers that representative budget voting would be "better" for SCSDs. Distinctions based on the constitutional tax limit and city population size no longer seem to be relevant (many non-city school districts are as large as SCSDs). LaManque (1993b) concluded and that the same budget voting mechanism should be used in both SCSDs and non-city school districts.

COSTS AND BENEFITS TO A CHANGE IN BUDGET VOTING POLICY

The research on SCSD budget voting should be considered within the context of the possible costs and benefits of referendum voting. A move to referendum voting for SCSDs will involve increases in both direct and indirect costs of budget decision-making. Conducting a referendum is likely to cost slightly more, perhaps 1,000 to 2,000 thousand dollars more per district per year, than just holding a school board election (LCER, 1978). The main difference may come in the need to convince voters of the benefits of voting "yes" rather than merely informing voters about the budget.

The indirect costs are likely to be greater than the increase in direct costs. First, voters' time to collect and analyze budget information, must be considered. The time and energy of school officials (needed to persuade voters) must also be taken into account. As with many of the benefits discussed below, these indirect costs may be hard to quantify.

The benefits may be mostly indirect, including the possibility of greater overall community support. There may also be benefits from having an additional channel of communication. In addition, at least the perception of control and the feeling that "they have to listen to us" felt by many residents may be considered a beneficial aspect of holding a referendum. The act of referendum as a demonstration of democracy-in-action to the youth may also be considered an indirect benefit of referenda.

POLICY SCENARIOS

Depending on how a person values the above costs and benefits, at least three conclusions might be reached from a review of the research. First, it appears that there would be little to be gained in terms of fiscal constraint (LaManque, 1993a), and, given the additional costs of the referendum process, there should be no change in current SCSD policy. A corollary to this argument is that it is a greater sin to give people the perception of input when they actually have little

control, than to be explicit about the state's ultimate responsibility for the provision of education. People supporting this position might speak of the referendum as a "sham" or a "hoax" on the voters, and a waste of time and energy.

The above position tends to view the policy question in isolation from what other districts do. People taking this position might argue that a "bad" practice should not be adopted just because others are doing it. In addition, some individuals with this position would reject the equal protection argument made by proponents of referendum voting (i.e., voters in all fiscally independent school districts should have the same "right" to vote on the budget) believing that school districts, which are a creation of state government, can legally be allowed to continue separate policies indefinitely.

The second possible conclusion would concede that referenda may have little effect on budget outcome, but argues that the costs are minimal and that voters should be allowed to vote on the budget if they desire. This argument also is contingent on the fact that non-city residents are allowed to vote on the budget, and it is thus unfair to deny the vote to city residents. The apparent weakness in the fiscal constraint argument might be considered immaterial by some referendum supporters. Budget referendum proponents might

argue that the rationale for budget voting should not be based on whether the expected outcome is acceptable to policy-makers.

A third possible conclusion suggests that as long as there is the possibility of at least an additional marginal input or control, budget voting is worthwhile. These people might think that the representative process does not respond rapidly enough to residents' wishes. This argument was included in the Department of Education's policy statement in 1988 and is based partly on the fact that only a portion of school board members come up for election each year.

POLICY RECOMMENDATIONS

LaManque's (1993a) finding from an economic perspective, that the fiscal outcomes of representative and referendum budget voting in New York State are likely to be similar, tends to be most closely supportive of the first policy conclusion. Based only on fiscal considerations, it could be argued that there should be no change in SCSD budgetary policy. However, as mentioned above, LaManque (1993b) argued that there no longer seemed to be a rational basis for a distinction in school budget voting policy. The legislative history presented in this paper suggested that the drawbacks associated with the contingency budget process have long been used as an argument against a change by referendum opponents.

Based on both economic and historical considerations, this paper recommends that SCSD residents be allowed to vote on school budgets if they desire, as long as contingency budget reform for all fiscally independent school districts is undertaken at the same time. While there will be additional costs, the benefits described above, together with the argument for a consistent independent school district budget voting policy, suggest that the benefits, both perceived and real, may outweigh any additional costs. Whether or not residents get to vote on the school budget should not be a factor of historical circumstance. It does not appear that SCSDs would be severely impacted by the change in the long run, as referenda opponents have suggested.

This paper argues that the referendum process, including contingency budget provisions which would apply when voters reject a budget proposal, should be streamlined to reduce decision costs for both voters and school officials. The following changes in the budget referendum process might help to mitigate the objection of SCSD referendum opponents that referendum voting for SCSDs is not worth the additional costs. The four recommendations seek to balance the advantages of local budget referendum against the state's responsibility for education, while reducing the unnecessary decision-making efforts of school officials and community residents that might be better directed towards the children.

First, only non-mandated expenses (items that voters actually have control over) should be included on the ballot. The budget vote may very well be considered a sham if voters are presented with a false choice. If a vote is advisory it should be presented as non-binding and the illusion of direct authority should be discontinued. Districts might be allowed and encouraged to include non-binding opinion questions on the ballot that are explicitly marked as non-binding. Making explicit actual voting choices should cut down on the voters' decision costs - it would be less complicated than voting on the entire budget, and perhaps decrease voter confusion and thus dissatisfaction.

Second, referenda should be standardized across districts. For example, school officials should no longer have a choice of presenting voters with a menu of initiatives (i.e., sports, transportation, library books, etc.), versus a lump sum number. The approach should be the same in each school district every year, and should not be dependent on whether school officials think one presentation would be more beneficial to their position than another.

Third, multiple re-votes should not be allowed. Perhaps one re-vote could be allowed, if sufficient petition signatures are collected by district residents. This should reduce voter frustration (and time) at having to say "no" over

and over again, and the perception that school officials hold referenda until they get the result they want.

Fourth, the Department of Education should be commissioned to define more explicitly what it considers a mandated program (before the new budget referendum legislation is implemented). This would reduce the uncertainty for both school officials and residents. It also may save time and money, because fewer challenges are likely to be made by unhappy school voters.

CONCLUSION

The above changes in contingency budget provisions are suggested primarily as a way of reducing decision costs of both voters and school officials. While the decision costs for a referendum may be higher than that for a representative process, they might be reduced by adoption of the above recommendations. A more streamlined referendum approach would mitigate the objection of SCSD referendum opponents that the referendum process is not worth the additional time and energy needed for a more direct decision-making process.

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